



BANK OF GREECE
EUROSYSTEM

PRESS RELEASE

Athens, 21 January 2013

Subject: BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR FINANCIAL YEAR 2012

At its meeting on 21 January 2013, the General Council of the Bank of Greece approved the Bank's audited Annual Accounts for the financial year ending 31 December 2012.

The year 2012 was marked by a considerable increase in the Bank's net income and, once again, by a substantial decrease in operating costs, in particular staff costs.

The Bank's profit for 2012 amounted to €318.6 million, compared with €96.6 million in 2011. Out of this profit, an amount of €305.3 million shall be transferred to the Government in accordance with Article 71(3) of the Bank's Statute, while the remainder shall be distributed to the shareholders.

The gross dividend per share that will be proposed to the General Meeting of the Bank's shareholders for distribution is €0.6720, compared with €0.8375 in the year 2011.

The low amount for distribution in relation to the annual net income reflects the need for increased provisioning. This practice is in line with the principle of prudence followed by the European Central Bank and the other National Central Banks of the Eurosystem.

During the past year, the Bank of Greece as a member of the Eurosystem, contributed considerably in safeguarding the stability of the Greek banking system by providing the necessary liquidity, thereby helping to mitigate the negative effects of the debt crisis and of the fiscal adjustment on the real economy of Greece.

Analysis of the Profit and Loss Account for financial year 2012

❖ Income

The total net income arising from the implementation of the Eurosystem's single monetary policy, interest on the Bank's portfolios, commissions and other income from domestic and foreign operations amounted to €2,995.5 million, from €1,594.8 million in 2011, having increased by 87.8%.

Specifically:

- **Net interest income, income from financial operations and the pooling of Eurosystem's monetary income** amounted to €2,888.9 million, compared with €1,458.8 million in 2011, having increased by 98%.
- **Net income from fees and commissions** dropped by 27% to €71.8 million, from €98.3 million in 2011.
- **Income from equity shares and participating interests** declined by €3.7 million to €20.1 million, compared with €23.8 million in 2011.
- **Finally, the Bank's other income** amounted to €14.6 million, compared to €13.9 million in 2011, having increased by 5%.

❖ Expenses

- **Operating expenses excluding provisions** (staff costs, pensions, depreciation and other expenses) dropped by €12.6 million to €334.1 million, from €346.7 million in 2011, despite extraordinary costs of €10.3 million incurred for the auditing of the banking sector. A major factor behind the reduction was a drop of €25.1 million (-13.7%) in staff costs; other regular administrative expenses also decreased by €6.9 million (-14.7%).

In an effort to increase efficiency, operating expenses excluding provisions have been cut by €105 million (-23.9%) over the last three years. This is mainly due to a decrease of €49.1 million (-23.7%) in staff costs.

The cuts in operating expenses were achieved despite the Bank's increased responsibilities for safeguarding financial stability (conduct of additional audits, work for the recapitalisation of banks, etc.) and for the supervision of the insurance companies, as well as its responsibilities under the financial support mechanism for Greece.

It should be noted that the Bank of Greece has fulfilled its tasks successfully, despite the declining number of staff, which decreased by 820 over the past five years.

- **Provisions** increased considerably further in 2012 (by €2,342.7 million) to €6,213.5 million.

These provisions are intended to cover, among other things, unexpected losses and doubtful claims, credit risks, foreign exchange and interest rate risks, counterparty risks stemming from Eurosystem monetary policy operations and general operational risks.